

# **Capacity Development Update Report**

## **COMMONWEALTH OF KENTUCKY**

For October 1, 2003, thru September 30, 2004



## INTRODUCTION

This report is being submitted to the United States Environmental Protection Agency (USEPA) in compliance with the Safe Drinking Water Act (SDWA) Amendments of 1996, which require states to provide update reports on their Capacity Development Program.

The Commonwealth of Kentucky continues to move forward and improve its Capacity Development Program, efforts which began prior to the 1996 Amendments of the SDWA. The primary objective of the federal Capacity Development Program is for states to assist in improving or optimizing the technical, managerial and financial framework of public water systems (PWSs).

Kentucky believes that the provisions of the Capacity Development Program provide an exceptionally flexible framework with which state agencies and water systems can work together to ensure that PWSs acquire and maintain the technical, financial and managerial ability to consistently achieve the health objectives of the 1996 SDWA.

## CAPACITY DEVELOPMENT REQUIREMENTS

The 1996 SDWA requires that states: (1) must have the legal authority to demonstrate that all new public water systems have the technical, managerial and financial ability to meet state and federal requirements, and (2) must develop and implement a strategy to meet the objectives of capacity development. This strategy must include the following five elements:

1. Prioritize systems most in need of improving capacity (SDWA §1420(c)(2)(A)).
2. Identify the factors that encourage or impair the capacity of water systems (SDWA §1420(c)(2)(B)).
3. Use the authority and resources of the SDWA to enhance technical, managerial and financial capacity (SDWA §1420(c)(2)(C)).
4. Establish a baseline and measure the capacity improvements of systems in the state (SDWA §1420(c)(2)(D)).
5. Involve stakeholders in state efforts to improve water system capacity (SDWA §1420(c)(2)(E)).

### Kentucky's Legal Authority

Kentucky's General Assembly passed House Bill 598, now codified as KRS 151.630 – 151.636, directing the Environmental and Public Protection Cabinet to refuse to approve plans for any new system to come into existence after October 1, 1999, unless they could demonstrate its technical, financial and managerial ability to meet requirements of the 1996 SDWA.



## Outline of Kentucky's Capacity Development Strategy

A Capacity Development strategy for Kentucky's Public Water Systems was submitted to the USEPA on September 13, 2000. (Even though the referenced strategy has yet to be formally adopted by the Cabinet, it continues to be utilized as Kentucky's strategy.)

### 1) Prioritize systems most in need of improving capacity

Based on the public meeting process, Kentucky identified a list of criteria to assist in determining the need for improving capacity. Since these meetings were held, additional information has been gained. In order to capture any changes in the public sector, additional public meetings will be held. Kentucky hopes to identify systems' needs using an intuitive method rather than an empirical scoring method.

Since the overwhelming majority of all PWSs in Kentucky are classified as small, it then follows that capacity development activities will likely have their greatest effect on small systems and particularly on those small water systems that are currently out of compliance or may likely be in the future.

The Area Wide Optimization Program (AWOP) also provides a model for implementation of capacity development strategies. Using AWOP, Kentucky can prioritize systems based on performance data, identify factors limiting performance, gauge capacity improvement by comparing AWOP data and provide technical assistance.

### 2) Identify the factors that encourage or impair the capacity of water systems.

Local institutional problems may impede capacity. These may take the form of water district managing boards or mayors of city-owned systems that fail to seek needed rate increases to political disagreements that prevent water service where such service should be available. Kentucky's funding agencies do encourage regionalization of water systems.

### 3) Use the authority and resources of the SDWA to enhance technical, managerial and financial capacity

Kentucky has applied for and received grants to set up a DWSRF to assist the state's water systems with infrastructure needs. Priorities for funding of proposed projects are based on a priority formula, and the Kentucky Infrastructure Authority (KIA) provides the administration of loans. In addition, a number of the set-asides from the SRF have been used for source water assessment and delineation, capacity development and wellhead protection. The priority formula is heavily weighted to encourage systems to achieve economies of scale through mergers and



creating regional facilities, obtaining adequate quantities of water and upgrading treatment facilities.

- 4) Establish a baseline and measure the capacity improvements of systems in the state.

Kentucky began 1999 with 698 public water systems serving nearly 3.3 million Kentuckians. Included in these systems were 26 community, 14 transient non-community and 1 non-transient non-community persistent violators. One measurement of progress will be a reduction in these numbers. Reductions in the significant non-compliers identified by USEPA will also be an important measure.

In September 2004 there were 526 public water systems, a decrease of 40 from September 2003 and 172 from 1999.

- 5) Involve stakeholders in state efforts to improve water system capacity.

The stakeholders group has been identified, and communication continues to improve. Below is a list of major entities identified:

- Kentucky's Public Water Systems \*
- PWS consumers and potential consumers
- Division of Water \*
- League of Cities
- Ky Rural Water Association \*
- KWWOA
- AWWA
- Consultants
- PSC \*
- W. Ky University (management) \*
- U. of L. (financial)

\* Worked directly with the Commonwealth of Kentucky during the reporting period.

#### **CAPACITY DEVELOPMENT UPDATE**

During the period October 1, 2003, thru September 30, 2004, Kentucky accomplished the following:

- Continued efforts to promulgate state regulations. Draft regulations written in December 1999 and January 2000 are being revised for consideration in late 2005 or 2006;
- Reviewed capacity development strategy and made positive changes;



- Completed 2003 AWOP Report;
- Completed 173 “enhanced sanitary surveys” for C-T purposes;
- Performed 21 in-state Comprehensive Performance Evaluations (CPE) since 2000 and 5 Performance Based Training (PBT) sessions involving 26 systems since 2001;
- Continued participation in AWOP by the Technical Assistance and Outreach (TAO) Section;
- Kentucky issued the following during the reporting period:
  - Line Extension Ban: 6 systems; 2 pending
  - Tap-On Ban: 1 partial; non-residential
  - Agreed Order: 4 voluntary
- Kentucky has established a working partnership with Kentucky Rural Water Association (KRWA) which lends assistance to PWSs (Martin County Water District);
- Kentucky directly assisted the following water systems during this reporting period:
  - Martin County
  - Campton
  - Tompkinsville
  - Sturgis
  - Edmonson Wax
  - Cynthiana
  - Owenton
  - Cumberland
  - Ashland
  - Beattyville
  - Jackson
  - Springfield
  - Ohio COWD
  - Jamestown
  - Winchester
  - Campbellsville
- Technical assistance was provided by Kentucky during approximately 500 site visits to systems during this reporting period.



## PUBLIC WATER SYSTEMS OVERVIEW

As of September 30, 2004, there were 526 active public water systems (PWS) in operation, a reduction of 40 systems from September 2003. This reduction is primarily due to regionalization of systems. It should be noted that these systems are serving approximately 4,635,000 consumers. The table below shows the breakdown of public water system types and source water as of September 30, 2004:

System Type	Ground Water Source	Ground Water Purchaser	Surface Water Source	Surface Water Purchaser	TOTAL
C	68	19	142	183	412
NC	53	0	8	4	65
NTNC	37	0	11	1	49
SP (1)	(58)	(0)	(4)	(1)	(63)
BW (1)	(0)	(1)	(5)	(2)	(8)
<b>TOTAL</b>	158	19	161	188	<b>526</b>

C is defined as "Community"

NC is defined as "Non-community"

NTNC is defined as "Non-transient, non-community"

SP is defined as "Semi-public" (Kentucky)

BW is defined as "Bottled water" (Kentucky)

(1) Non-public water system

( ) Denotes values not used in calculation of total public systems

## CONCLUSION

Kentucky continues to evaluate new community and non-community water systems to assure they have technical, managerial and financial capacity in accordance with HB598 (signed by Governor Paul Patton on April 3, 1998).

On-going improvements in Kentucky's public water systems are aided by the following programs: WSP; KIA planning; DWSRF; other state and federal funding; and technical assistance offered by CTAP and KRWA have all been effective in assisting public water systems to acquire technical, financial and managerial capacity. Additional progress over the next 12 months is anticipated.

